

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 COME-00 EB-11 H-03 L-03 FPC-01 DODE-00

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /051 W

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R 311844Z MAY 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1873

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: CONTRACTUAL PROBLEMS OF US BUYER OF NAVAL STORES

REF: STATE 111665, 5/29

1. LENGTHY CONVERSATION BY PHONE WAS HELD WITH SR. ARREDONDO, MANAGER OF CIA. FORESTAL DE MICHOACAN IN URUAPAN. ARREDONDO SAID HE HAD BEEN IN CONTACT WITH RAUSCHE AND HAD EXPLAINED THE PROBLEM IN DETAIL.

2. ARREDONDO STATED THAT THE MEXICAN GOV'T IS GOING TO GIVE PREFERENCE TO LAFTA NATIONS IN SHIPMENTS OF ROSIN. ON MAY 18 THE GOV'T CHANGED ITS POLICY TO TAKE INTO CONSIDERATION LOCAL CONSUMERS FIRST, FOLLOWED BY LAFTA NATIONS, AND FINALLY TRADITIONAL CLIENTS. AT FIRST THE IMPLICATION WAS THAT RAUSCHE COULD NOT BE CONSIDERED A TRADITIONAL CLIENT, BUT WHEN ASKED FOR A DEFINITION IN TERMS OF THE MANY YEARS OF PURCHASE BY RAUSCHE, ARREDONDO ADMITTED THAT RAUSCHE WOULD BE CONSIDERED UNDER THIS CATEGORY.

3. TOTAL CONVERSATION OF MORE THAN 30 MINUTES WAS SO DETAILED AS TO BE CONFUSING, BUT IMPLICATION OBTAINED WAS THAT PRICE IS AN IMPORTANT FACTOR BECAUSE ARREDONDO MENTIONED THE NEED FOR RENEGOTIATION OF EXISTING CONTRACTS. HE ALSO STATED THAT SUPPLIES WILL NOT COVER NATIONAL NEEDS AND THIS IS OF COURSE THE FIRST CONSIDERATION UNDER LIMITED OFFICIAL USE

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NEW POLICY.

4. WE STRESSED THE FACT THAT ABROGATION OF EXISTING CONTRACTS IN THIS AND OTHER AREAS IS NOT MAKING A GOOD IMAGE FOR MEXICO. ARREDONDO BECAME INCENSED BY THE INFERENCE, BUT WAS MOLLIFIED WHEN POSITION OF AMERICAN CLIENTS WAS MADE CLEAR TO HIM.

5. NO IMMEDIATE SOLUTION IS SEEN UNTIL JUNE 3 OR 4 WHEN THE ASSEMBLY OF ROSIN EXPORTERS IS CALLED IN CONJUNCTION WITH MEMBERS OF THE SECRETARIAT OF INDUSTRY AND COMMERCE TO DISCUSS EXPORT PERMITS. WE WILL TRY TO OBTAIN A READING AT THAT TIME AND ADVISE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, SUPPLIES, TRADE COMPLAINTS, BUSINESS FIRMS, FOREIGN POLICY POSITION, PRICES, NEGOTIATIONS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MEXICO04455
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740138-0885
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974053/aaaaaclx.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 111665, 5/29
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 18 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 SEP 2002 by elyme>; APPROVED <19 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONTRACTUAL PROBLEMS OF US BUYER OF NAVAL STORES
TAGS: ETRD, MX, US, LAFTA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005